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MEMORANDUM FOR THE PRESIDENT

Subject: The President's Talk with Prime Minister Macmillan

There are given below some suggestions for topics for your breakfast meeting on Sunday with Prime Minister Macmillan:

1) European Economic Problem ("Sixes" and "Sevens")

Mr. Dillon has told British we wish to participate in any general talks between Six and Outer Seven regarding trade. Also, that we do not oppose Seven project, but are not enthusiastic about it since we do not feel it has political advantages as Community of Six has.

British say that they accept political objective of tying Germany and Italy to West through Common Market. They claim Seven project has political significance and objectives: (1) to lead Common Market along liberal path; and (2) to help avoid split in Europe.

British claim (with which we do not agree) that there is danger of Common Market following high protectionist policy. In conversation with Herter, Lloyd said if this continues British will withdraw forces from continent.

There is general agreement interested western countries should soon discuss Six and Seven problem and aid to underdeveloped areas. US has proposed inclusion of call for meeting in Heads of Government communique.

You may wish to make the following points:

1. US is concerned regarding political consequences of differences among European countries over trade.

2. US does not feel problem can be treated exclusively as European problem and wishes to participate.

3. In view of our financial position, we are concerned regarding treatment of our export trade.

2) Nuclear Testing

The current Geneva technical talks on underground test detection appear likely to end December 19 with disagreement on

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crucial matters. Macmillan is expected to urge (1) that we not permit the technical talks to end until agreement is reached, (2) that we not resume even underground testing, and (3) that we accept a test suspension treaty with imperfect controls as preferable to an uncontrolled moratorium forced on us by world opinion.



You may care to make the following points:

a) We will not close any doors to useful technical discussions with Soviets, but we will not order our scientists, who are led by first-rate and objective men, to continue the present technical talks if in their judgment the technical facts and considerations have been fully explored and further discussion would be justified solely on political grounds.

b) We are prepared to continue our present voluntary suspension of testing for a while after January 1, while we study the results of the technical talks and then see whether the political negotiations take a constructive turn. We will not withhold testing indefinitely in the absence of an agreed control system, however. To do so would frustrate the achievement of an agreed effective inspection system which is the purpose of these negotiations.

c) We will examine our position promptly in the light of the results of the technical talks and consult with the U.K. regarding the future course of negotiations. While we are keenly aware of the desirability of consolidating the progress made to date and also of the widespread expectations of agreement, we believe it would be unwise to accept a treaty with inadequate control provisions which (a) would not be supported by our scientists in public and Congressional debate, and (b) would be a damaging precedent in subsequent disarmament negotiations.

3) Germany including Berlin

In the 4-power Consultative Group which met in Washington, the British carefully refrained from revealing their substantive thinking on Germany and Berlin, admittedly because they did not wish once again to expose themselves to being "pilloried" in public. This was apparently also true of Macmillan during the recent Adenauer visit to London.

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Macmillan will be interested in what the US is going to propose, and presumably hopes we will give a lead which the British can follow.



It seems likely that Macmillan will support our desire to have the 4-power body charged with the next round of preparations for the East-West Summit make a detailed examination of the Western position with a view to determining whether the West cannot take certain further initiatives calculated to advance its own interests and to achieve some sort of acceptable modus vivendi. It would not seem desirable that the impression be created during the present meetings that an Anglo-American alignment has been formed against the probably more rigid Franco-German approach. In your discussions with Prime Minister Macmillan, it may, however, be desirable to note that we do not think a discussion of specific substantive proposals on Germany and Berlin would be opportune at the present Western Summit. We hope, nevertheless, that the group charged with the next round of preparations will be given sufficient latitude so that it can examine all possibilities consistent with the basic obligations of the Western powers. The American questionnaire, which seems to have caused a certain amount of concern to the French and Germans, was not intended to suggest specific US positions, but to raise certain key issues for purposes of discussion which must realistically be considered in the course of preparing the Western position. We hope that Prime Minister Macmillan will support this view in the quadripartite meetings with Adenauer and De Gaulle.

#### 4) Laos

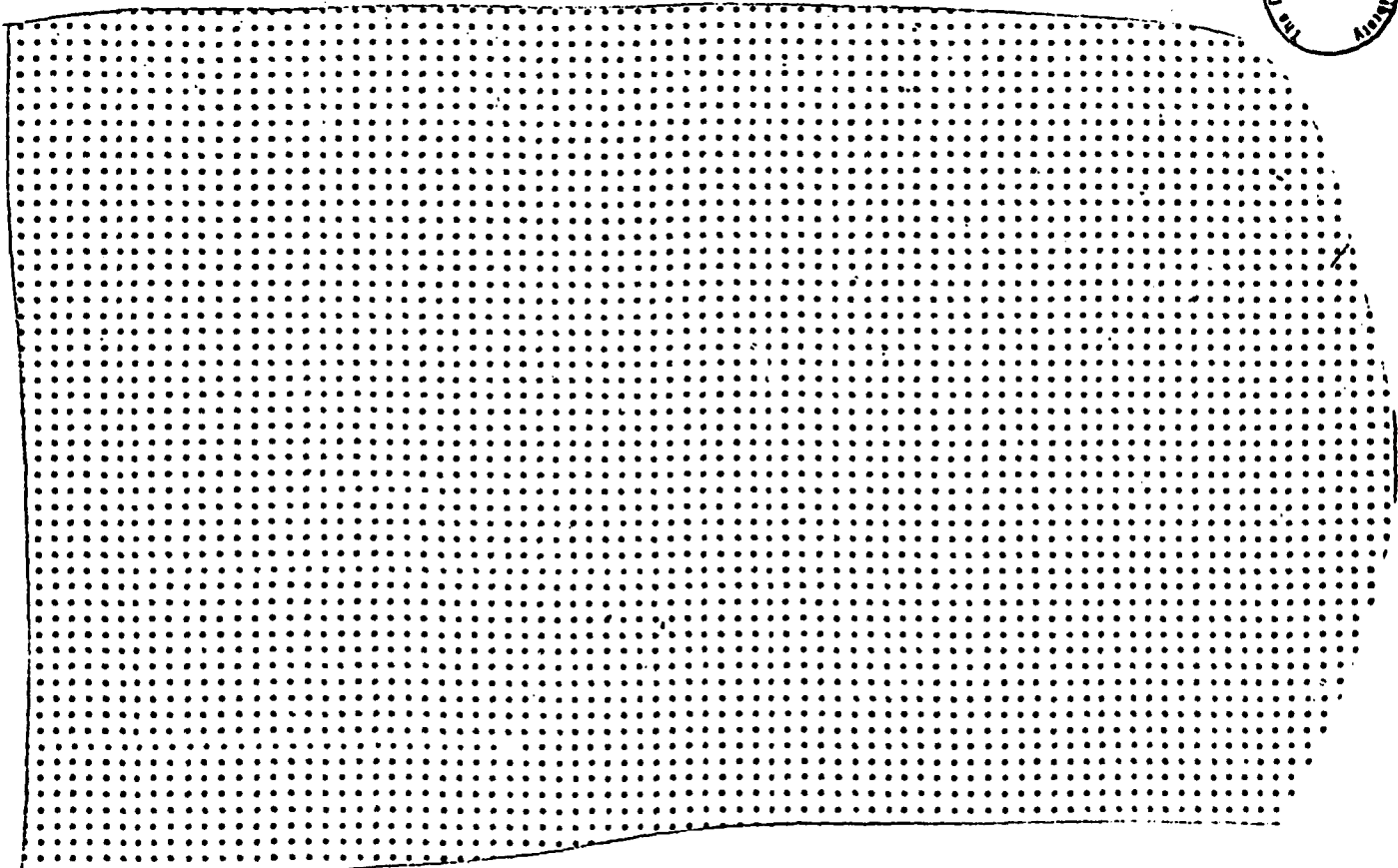
##### a) SEATO Contingency Planning for Laos

Macmillan may raise question of SEATO contingency planning for Laos on which in recent weeks British and French have been dragging their feet, allegedly because they fear security leaks. The Australians strongly support our position that we should move ahead.

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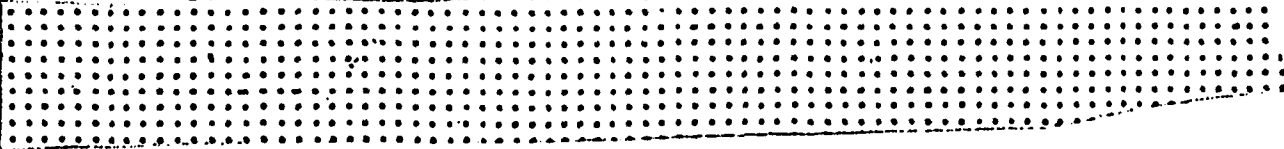
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5) Military Questions

a) Second-generation IRBMs

Macmillan may suggest the desirability of the U.K. obtaining Polaris missiles from the US for use with British atomic submarines. Macmillan may also indicate the possibility of abandoning the U.K. Blue Streak IRBM program and participating in a coordinated NATO second-generation IRBM program,



There are major unresolved issues within the US Government on the question of how we should help European countries to obtain second-generation IRBMs. Our strong disposition is to direct whatever aid we do extend in support of NATO requirements rather than in direct support of independent national capabilities. You might wish to make these points to Macmillan, if he raises the matter, and otherwise reserve the US position.

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b) British Army on the Rhine

Ambassador Caccia recently informed me of the U.K. decision to maintain the present level of the BAOR, and I sent a message to Lloyd expressing my gratification at the salutary effects this decision would have for NATO. You may wish to indicate your gratification to Macmillan.

c) NATO Control over Atomic Stockpile

Macmillan may indicate concern over Norstad's concept for transferring authority to NATO over use of the NATO Atomic Stockpile. Norstad recently suggested such a transfer in an off-the-record press conference in the U.K. The British told Embassy London that the idea of an independent NATO nuclear authority worried them.

If Macmillan raises this matter, it is suggested that you tell him we are not clear just what type of arrangement Norstad has in mind, and that any transfer of control authority over nuclear weapons would, of course, have to be considered very carefully. (We have, in fact, been weighing Norstad's concept, but have not reached any firm conclusions. We are inclined to doubt that the concept, as we understand it, has any significant advantages, and it may well entail some serious disadvantages.)

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